

COPY

43297-U

INDIANA UTILITY REGULATORY COMMISSION

GENERAL INSTRUCTIONS AND FORMS

FOR

SMALL INVESTOR OWNED WATER UTILITY

RATE CASE

ACCOUNTING SECTION

KINGSBURY UTILITY CORPORATION

FILED

MAY 17 2007

INDIANA UTILITY  
REGULATORY COMMISSION

# INSTRUCTIONS

**HISTORICAL FINANCIAL DATA** Pages 1 thru 8, the Comparative Balance Sheet, Analysis of Utility Plant in Service, Analysis of Accumulated Depreciation, Analysis of Retained Earnings, Comparative Income Statement, Comparative Detail of Operating Revenues, and the Comparative Detail of Operating Expenses should be taken from the utility's books and records. The first column of the balance sheet, income statement and related schedules should reflect the Test Year. The test period selected should be the most current 12 months, preferably ending on a calendar quarter. Also, the test year should not be any older than six months from the date you file your application. The comparative data on the balance sheet and income statement should be the most current calendar year available.

**SCHEDULE OF PRESENT AND PROPOSED RATES** To the extent that this schedule is not self-explanatory, the tracker column would only be filled out if your utility purchases all or part of its water from another utility and that utility has changed its wholesale rate since your last general rate case. Column F, the percent increase in rates, should correspond to the percent increase in water sales as shown in the Detail of Adjustments and recorded on the Pro-forma Operating Income Statement for an across-the-board rate change.

**PROFORMA OPERATING INCOME STATEMENT** Column A should be the test year figures as taken from the utility's books and records and should be the same as the numbers found in in Column A of the Comparative Income Statement. Column B contains the adjustments which are detailed on the pages that follow the Proforma Operating Income Statement. Column C should be the totals of Columns A and B, and Column D should contain the adjustments which reflect the results of the proposed rate increase. Finally, Column E is the sum of Columns C and D.

**DETAIL OF TYPICAL ADJUSTMENTS** These are sample adjustments that you may use. If your circumstances require the use of another format, feel free to use your own format. Also, you might not have adjustments to all the accounts we listed or you may have other fixed, known and measurable adjustments that we haven't shown as examples. If you do use your own format, please show as much detail as possible.

**CALCULATION OF RATE INCREASE** An important calculation on this page is the determination of Fair Value Rate Base. The calculation shown at the bottom of this page would likely be considered minimal justification. Any other calculation or reasoning that supports your calculation as to the fair value of the utility property should also be included and detailed. The Fair Value Rate of Return must be a reasonable amount and any support and justification for the requested return on investment should be included as a separate page or exhibit.

**CALCULATION OF REVENUE CONVERSION FACTOR** This calculation has been included because it makes it easy to convert an increase in net income to the amount of revenue increase. As with the Detail of Typical Adjustments, this calculation should be tailored to the utility's unique circumstances.

**RATE OF RETURN ON ORIGINAL COST RATE BASE & RATE OF RETURN ON EQUITY CALCULATIONS** These three pages must be filled out as a comparison for the rate of return on fair value rate base. Except for the Synchronized Interest Calculation, which is used in the income tax calculations, the numbers derived from these pages aren't used elsewhere in this report.

**GENERAL** If you have questions or need help in filling out this report, please call the IURC Accounting Division and ask for assistance at 317-232-2781. Please number your pages and note that Subchapter S corporations should not include a request for income taxes.

KINGSBURY UTILITY CORPORATION  
KINGSBURY, INDIANA  
COMPARATIVE BALANCE SHEET  
AS OF DECEMBER 31, 2006 AND 2005

Line No.		As Of 12/31/2006 Col. A	As Of 12/31/2005 Col. B
	<u>ASSETS AND OTHER DEBITS</u>		
	<u>UTILITY PLANT IN SERVICE</u>		
1.	Utility plant in service	\$ 937,467	\$ 928,207
2.	Less: Accumulated depreciation and amortization	(830,439)	(823,666)
3.	Net Utility Plant in Service	\$ 107,028	\$ 104,541
4.	Property held for future use-Net	-	-
5.	Construction work in progress	-	-
6.	Utility plant acquisition adjustment	-	-
7.	Less: Accumulated amortization of utility plant	-	-
8.	acquisition adjustment	-	-
8.	Miscellaneous utility plant	-	-
9.	Total Net Utility Plant	\$ 107,028	\$ 104,541
	<u>OTHER PROPERTY AND INVESTMENTS</u>		
10.	Non-utility property	\$ 225,171	\$ 225,171
11.	Less: Accumulated depreciation	(219,542)	(216,164)
12.	Investments in associated companies	-	-
13.	Other investments	-	-
14.	Sinking funds	-	-
15.	Bond and interest fund	-	-
16.	Meter deposit fund	-	-
17.	Construction fund	-	-
18.	Depreciation fund	-	-
19.	Other special funds	-	-
20.	Total Other Property and Investments	\$ 5,629	\$ 9,007
	<u>CURRENT AND ACCRUED ASSETS</u>		
21.	Cash	\$ 4,553	\$ 11,010
22.	Special deposits	-	-
23.	Customer accounts receivable	19,918	16,474
24.	Other accounts receivable	-	-
25.	Accounts receivable from associated companies	49,695	-
26.	Accumulated provision for uncollectible accounts-Credit	-	-
27.	Plant materials and supplies	-	-
28.	Prepayments	44,420	59,226
29.	Interest and dividends receivable	-	-
30.	Accrued utility revenues	-	-
31.	Miscellaneous current and accrued assets	-	-
32.	Total Current and Accrued Assets	\$ 118,586	\$ 86,710
	<u>DEFERRED DEBITS</u>		
33.	Please detail	\$ -	\$ -
34.	Total Assets and Other Debits	\$ 231,243	\$ 200,258

KINGSBURY UTILITY CORPORATION  
KINGSBURY, INDIANA  
COMPARATIVE BALANCE SHEET  
AS OF DECEMBER 31, 2006 AND 2005

Line No.		As Of 12/31/2006 Col. A	As Of 12/31/2005 Col. B
	<u>LIABILITIES AND OTHER CREDITS</u>		
	<u>EQUITY CAPITAL</u>		
1.	Proprietary capital	\$ -	\$ -
2.	Common stock issued	500	500
3.	Preferred stock issued	-	-
4.	Other paid-in capital	472,387	472,387
5.	Retained earnings	(261,611)	(278,566)
	Treasury Stock	-	-
6.	Total Equity Capital	<u>\$ 211,276</u>	<u>\$ 194,321</u>
	<u>LONG-TERM DEBT</u>		
7.	Bonds	\$ -	\$ -
8.	Advances from associated companies	-	-
9.	Other long-term debt	-	-
10.	Total Long-Term Debt	<u>\$ -</u>	<u>\$ -</u>
	<u>CURRENT AND ACCRUED LIABILITIES</u>		
11.	Accounts payable	\$ 14,127	\$ 144
12.	Notes payable	-	-
13.	Accounts payable to associated companies	-	-
14.	Customer deposits	-	-
15.	Accrued taxes	5,790	5,793
16.	Accrued interest	-	-
17.	Matured long-term debt	-	-
18.	Miscellaneous current and accrued liabilities	50	-
19.	Total Current and Accrued Liabilities	<u>\$ 19,967</u>	<u>\$ 5,937</u>
	<u>DEFERRED CREDITS</u>		
20.	Unamortized premium on debt	\$ -	\$ -
21.	Advances for construction	-	-
22.	Other deferred credits	-	-
23.	Total Deferred Credits	<u>\$ -</u>	<u>\$ -</u>
	<u>OPERATING RESERVES</u>		
24.	Property insurance reserves	\$ -	\$ -
25.	Injuries and damages reserves	-	-
26.	Pensions and benefits reserves	-	-
27.	Miscellaneous operating reserves	-	-
28.	Total Operating Reserves	<u>\$ -</u>	<u>\$ -</u>
	<u>CONTRIBUTIONS IN AID OF CONSTRUCTION</u>		
29.	Contributions in aid of construction	\$ -	\$ -
30.	Less: Accumulated amortization	-	-
31.	Net Contributions in Aid of Construction	<u>\$ -</u>	<u>\$ -</u>
32.	Total Liabilities and Other Credits	<u>\$ 231,243</u>	<u>\$ 200,258</u>

KINGSBURY UTILITY CORPORATION  
KINGSBURY, INDIANA  
NOTES TO THE FINANCIAL STATEMENTS

The space below is provided for important notes regarding the financial statements.

KINGSBURY UTILITY CORPORATION  
KINGSBURY, INDIANA  
ANALYSIS OF UTILITY PLANT IN SERVICE  
FROM JANUARY 1, 2005 TO DECEMBER 31, 2006

Line No.		Beginning Balance Col. A	Additions Col. B	Retirements Col. C	Other Col. D	Year End Balance Col. E	Additions Col. F	Retirements Col. G	Other Col. H	Balance at End of Test Year Col. I
<u>UTILITY PLANT</u>										
1.	Land and land rights	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2.	Structures and improvements	\$ -	-	-	-	\$ -	-	-	-	\$ -
3.	Collection and impounding reservoirs	\$ -	-	-	-	\$ -	-	-	-	\$ -
4.	Lake, river and other intakes	\$ -	-	-	-	\$ -	-	-	-	\$ -
5.	Wells and springs	\$ -	-	-	-	\$ -	-	-	-	\$ -
6.	Infiltration galleries and tunnels	\$ -	-	-	-	\$ -	-	-	-	\$ -
7.	Supply mains	\$ -	-	-	-	\$ -	-	-	-	\$ -
8.	Power generation equipment	\$ -	-	-	-	\$ -	-	-	-	\$ -
9.	Pumping equipment	\$ -	-	-	-	\$ -	-	-	-	\$ -
10.	Water treatment equipment	\$ -	-	-	-	\$ -	-	-	-	\$ -
11.	Distribution reservoirs and standpipes	\$ 110,275	4,786	-	-	\$ 115,061	5,146	-	-	\$ 120,207
12.	Transmission and distribution mains	\$ 763,906	-	-	-	\$ 763,906	-	-	-	\$ 763,906
13.	Services	\$ -	-	-	-	\$ -	-	-	-	\$ -
14.	Meters and meter installations	\$ -	-	-	-	\$ -	-	-	-	\$ -
15.	Hydrants	\$ -	-	-	-	\$ -	-	-	-	\$ -
16.	Other plant and misc. equipment	\$ -	-	-	-	\$ -	-	-	-	\$ -
<u>GENERAL PLANT</u>										
17.	Office furniture and equipment	\$ 15,809	800	-	-	\$ 16,609	114	-	-	\$ 16,723
18.	Transportation equipment	\$ 18,469	-	-	-	\$ 18,469	-	-	-	\$ 18,469
19.	Stores equipment	\$ -	-	-	-	\$ -	-	-	-	\$ -
20.	Tools, shop and garage equipment	\$ 13,549	613	-	-	\$ 14,162	4,000	-	-	\$ 18,162
21.	Laboratory equipment	\$ -	-	-	-	\$ -	-	-	-	\$ -
22.	Power operated equipment	\$ -	-	-	-	\$ -	-	-	-	\$ -
23.	Communication equipment	\$ -	-	-	-	\$ -	-	-	-	\$ -
24.	Miscellaneous equipment	\$ -	-	-	-	\$ -	-	-	-	\$ -
25.	Other tangible property	\$ -	-	-	-	\$ -	-	-	-	\$ -
26.	Total Utility Plant in Service	\$ 922,008	\$ 6,199	\$ -	\$ -	\$ 928,207	\$ 9,260	\$ -	\$ -	\$ 937,467

KINGSBURY UTILITY CORPORATION  
KINGSBURY, INDIANA  
ANALYSIS OF ACCUMULATED PROVISION FOR DEPRECIATION  
FROM JANUARY 1, 2005 TO DECEMBER 31, 2006

Line  
No.

1.	<u>BALANCE JANUARY 1, 2005</u> (1)	\$ 805,553
	<u>YEAR 2005</u>	
2.	Charged to depreciation expense	18,113
3.	Salvage	-
4.	Retirements	-
5.	Cost of removal	-
6.	Adjustments *	-
7.	<u>BALANCE DECEMBER 31, 2005</u> (2)	<u>\$ 823,666</u> (4)
	<u>YEAR 2006</u>	
8.	Charged to depreciation expense	6,773
9.	Salvage	-
10.	Retirements	-
11.	Cost of removal	-
12.	Adjustments *	-
13.	<u>BALANCE DECEMBER 31, 2006</u> (3)	<u>\$ 830,439</u> (5)

- (1) This should be the date of the beginning of the first year.  
(2) This should be the date of the end of the first year  
(3) This should be the date of the end of the test year.  
(4) This amount should agree with the amount on Page 3, Column B, Line 2.  
(5) This amount should agree with the amount on Page 3, Column A, Line 2.

\* Please detail

KINGSBURY UTILITY CORPORATION  
KINGSBURY, INDIANA  
ANALYSIS OF RETAINED EARNINGS  
FROM JANUARY 1, 2005 TO DECEMBER 31, 2006

Line  
No.

1.	<u>BALANCE JANUARY 1, 2005</u> (1)	\$ (289,207)
	<u>YEAR 2005</u>	
2.	Balance transferred from income	10,641
3.	Common stock dividends	-
4.	Preferred stock dividends	-
5.	Adjustments *	-
6.	<u>BALANCE DECEMBER 31, 2005</u> (2)	<u>\$ (278,566) (4)</u>
	<u>YEAR 2006</u>	
7.	Balance transferred from income	16,955
8.	Common stock dividends	-
9.	Preferred stock dividends	-
10.	Adjustments *	-
11.	<u>BALANCE DECEMBER 31, 2006</u> (3)	<u>\$ (261,611) (5)</u>

- (1) This should be the date of the beginning of the first year.  
(2) This should be the date of the end of the first year  
(3) This should be the date of the end of the test year.  
(4) This amount should agree with the amount on Page 4, Column B, Line 5.  
(5) This amount should agree with the amount on Page 4, Column A, Line 5.

\* Please detail



KINGSBURY UTILITY CORPORATION  
KINGSBURY, INDIANA  
COMPARATIVE INCOME STATEMENT  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

Line No.		Year Ended 12/31/2006 Col. A	Year Ended 12/31/2005 Col. B
	<u>OPERATING REVENUES</u>		
1.	Sales of water	\$ 174,358	\$ 166,700
2.	Other operating revenues	-	625
3.	Total Operating Revenues	<u>\$ 174,358</u>	<u>\$ 167,325</u>
	<u>OPERATING EXPENSES</u>		
4.	Operation and maintenance expenses	\$ 133,608	\$ 122,420
5.	Depreciation expense	6,773	18,113
6.	Amortization expense	-	-
7.	Taxes other than income taxes	12,677	11,952
8.	Income taxes	-	-
9.	Total Operating Expenses	<u>\$ 153,058</u>	<u>\$ 152,485</u>
10.	Net Operating Income (Loss)	<u>\$ 21,300</u>	<u>\$ 14,840</u>
	<u>OTHER INCOME AND DEDUCTIONS</u>		
11.	Revenue from merchandising jobbing and contract work	\$ -	\$ -
12.	Cost and expenses from merchandising jobbing	-	-
13.	and contract work	-	-
14.	Uncollected Accounts	(844)	-
15.	Interest income	-	-
16.	Allowance for funds used during construction	-	-
17.	Miscellaneous non-utility income and expenses	(3,501)	(4,199)
18.	Total Other Income and Deductions	<u>\$ (4,345)</u>	<u>\$ (4,199)</u>
19.	TAXES APPLICABLE TO OTHER INCOME AND DEDUCTIONS	<u>\$ -</u>	<u>\$ -</u>
	<u>INTEREST CHARGES</u>		
20.	Interest on long-term debt	\$ -	\$ -
21.	Interest on debt to associated companies	-	-
22.	Amortization of debt discount and expense	-	-
23.	Amortization of premium on debt	-	-
24.	Total Interest Charges	<u>\$ -</u>	<u>\$ -</u>
	<u>EXTRAORDINARY ITEMS</u>		
25.	Extraordinary income	\$ -	\$ -
26.	Extraordinary deductions	-	-
27.	Taxes on extraordinary items	-	-
28.	Total Extraordinary Items	<u>\$ -</u>	<u>\$ -</u>
29.	Net Income (Loss)	<u>\$ 16,955</u>	<u>\$ 10,641</u>

KINGSBURY UTILITY CORPORATION  
KINGSBURY, INDIANA  
COMPARATIVE DETAIL OF OPERATING REVENUES  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

Line No.		Year Ended 12/31/2006 Col. A	Year Ended 12/31/2005 Col. B
	<u>OPERATING REVENUES</u>		
	<u>SALES OF WATER</u>		
1.	Unmetered sales	\$ 18,003	\$ 22,101
2.	Residential sales	11,928	10,936
3.	Commercial sales	-	-
4.	Industrial sales	128,919	119,426
5.	Sales to public authorities	-	-
6.	Multiple family dwellings	-	-
7.	Public fire protection service	15,508	14,237
8.	Private fire protection service	-	-
9.	Irrigation customers	-	-
10.	Sales for resale	-	-
11.	Interdepartmental sales	-	-
12.	Total Sales of Water	<u>\$ 174,358</u>	<u>\$ 166,700</u>
	<u>OTHER OPERATING REVENUES</u>		
13.	Forfeited discounts	\$ -	\$ -
14.	Miscellaneous service revenues	-	-
15.	Rents from water property	-	-
16.	Interdepartmental rents	-	-
17.	Other water revenues	-	625
18.	Total Other Operating Revenues	<u>\$ -</u>	<u>\$ 625</u>
19.	Total Operating Revenues	<u><u>\$ 174,358</u></u>	<u><u>\$ 167,325</u></u>

KINGSBURY UTILITY CORPORATION  
KINGSBURY, INDIANA  
COMPARATIVE DETAIL OF OPERATING EXPENSES  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

Line No.		Year Ended 12/31/2006 Col. A	Year Ended 12/31/2005 Col. B
	<u>OPERATING EXPENSES</u>		
	<u>OPERATION AND MAINTENANCE EXPENSES</u>	\$ -	\$ -
1.	Salaries and wages-Employees	39,489	26,178
2.	Salaries and wages-Officers and directors	17,288	16,400
3.	Employee pensions and benefits	-	-
4.	Purchased water	-	-
5.	Purchased power	17,761	15,954
6.	Fuel for power production	2,240	3,243
7.	Chemicals	7,580	7,705
8.	Telephone	670	735
9.	Office Supplies	1,641	1,731
10.	Materials and supplies	14,032	25,022
11.	Contractual services	5,309	3,172
12.	Water testing	3,814	2,936
13.	Licenses & fees	1,140	180
14.	Insurance expense	5,178	4,370
15.	Regulatory commission expense	-	-
16.	Legal & Accounting	4,659	6,913
17.	Truck Lease	4,570	4,550
18.	Miscellaneous expense	8,237	3,332
19.	Total Operation and Maintenance Expenses	<u>\$ 133,608</u>	<u>\$ 122,420</u>
20.	DEPRECIATION EXPENSE	<u>\$ 6,773</u>	<u>\$ 18,113</u>
21.	AMORTIZATION EXPENSE	<u>\$ -</u>	<u>\$ -</u>
	<u>TAXES OTHER THAN INCOME TAXES</u>		
22.	IURC Public Utility Fee	\$ -	\$ -
23.	Property taxes	6,183	5,933
24.	Payroll taxes	3,914	3,717
25.	Other taxes and licenses	2,580	2,302
	Total Taxes Other Than Income Taxes	<u>\$ 12,677</u>	<u>\$ 11,952</u>
	<u>INCOME TAXES</u>		
26.	Federal income taxes-Utility operating income-Current	\$ -	\$ -
27.	State income taxes-Utility operating income-Current	-	-
28.	Local income taxes-Utility operating income-Current	-	-
29.	Federal income taxes-Deferred	-	-
30.	State income taxes-Deferred	-	-
31.	Local income taxes-Deferred	-	-
32.	Deferred income tax credit	-	-
33.	Investment tax credit deferred to future periods	-	-
34.	Investment tax credit restored to operating income	-	-
35.	Total Income Taxes	<u>\$ -</u>	<u>\$ -</u>
36.	INCOME FROM UTILITY PLANT LEASED TO OTHERS	<u>\$ -</u>	<u>\$ -</u>
37.	GAIN OR LOSS FROM DISPOSITION OF UTILITY PROPERTY	<u>\$ -</u>	<u>\$ -</u>
38.	Total Operating Expenses	<u>\$ 153,058</u>	<u>\$ 152,485</u>

KINGSBURY UTILITY CORPORATION  
KINGSBURY, INDIANA  
SCHEDULE OF PRESENT AND PROPOSED RATES

	Present Rates (1) Col. A	Tracker Col. B	Adjusted Present Rates Col. C	Proposed Rates Col. D	Increase	
					Amount Col. E	Percent Col. F
<b>METERED RATES PER MONTH</b>						
First 5,000 gallons	\$ 3.51	\$ -	\$ 3.51	\$ 4.26	\$ 0.75	21.40%
Next 10,000 gallons (5,001 - 15,000)	\$ 3.02	\$ -	\$ 3.02	\$ 3.67	\$ 0.65	21.40%
Next 35,000 gallons (15,001 - 50,000)	\$ 2.24	\$ -	\$ 2.24	\$ 2.85	\$ 0.61	27.20%
Next 50,000 gallons (50,001 - 100,000)	\$ 1.46	\$ -	\$ 1.46	\$ 1.77	\$ 0.31	21.40%
Next 100,000 gallons (100,001 - 200,000)	\$ 1.26	\$ -	\$ 1.26	\$ 1.53	\$ 0.27	21.40%
All amounts over 200,000 gallons	\$ 0.98	\$ -	\$ 0.98	\$ 1.19	\$ 0.21	21.40%
<b>MINIMUM RATES PER MONTH</b>						
5/8 inch diameter	\$ 17.52	\$ -	\$ 17.52	\$ 21.27	\$ 3.75	21.40%
3/4 inch diameter	\$ 22.49	\$ -	\$ 22.49	\$ 27.30	\$ 4.81	21.40%
1 inch diameter	\$ 40.01	\$ -	\$ 40.01	\$ 48.57	\$ 8.56	21.40%
1-1/4 inch diameter	\$ 50.04	\$ -	\$ 50.04	\$ 60.75	\$ 10.71	21.40%
1-1/2 inch diameter	\$ 75.07	\$ -	\$ 75.07	\$ 91.13	\$ 16.06	21.40%
2 inch diameter	\$ 99.99	\$ -	\$ 99.99	\$ 121.39	\$ 21.40	21.40%
3 inch diameter	\$ 175.06	\$ -	\$ 175.06	\$ 212.52	\$ 37.46	21.40%
4 inch diameter	\$ 300.16	\$ -	\$ 300.16	\$ 364.39	\$ 64.23	21.40%
6 inch diameter	\$ 575.30	\$ -	\$ 575.30	\$ 698.41	\$ 123.11	21.40%
8 inch diameter	\$ 850.35	\$ -	\$ 850.35	\$ 1,032.32	\$ 181.97	21.40%
<b>FIRE LINES / SPRINKLERS - PER YEAR</b>						
	\$ 250.12	\$ -	\$ 250.12	\$ 303.65	\$ 53.53	21.40%
<b>HYDRANT RENTAL - PER YEAR</b>						
	\$ 210.27	\$ -	\$ 210.27	\$ 255.27	\$ 45.00	21.40%

(1) Approved in Cause No.42343-U, Order dated April 20, 2006.

KINGSBURY UTILITY CORPORATION  
KINGSBURY, INDIANA  
PROFORMA OPERATING INCOME STATEMENT

Line No.		Test Year Col. A	Adjustments Col. B	Adjusted Present Rates Col. C	Adjustments Col. D	Proforma Proposed Rates Col. E
<u>OPERATING REVENUES</u>						
1.	Sales of water	\$ 174,358	\$ (14,814)	\$ 159,544	\$ 34,101	\$ 193,645
2.	Other operating revenues	\$ -	-	-	-	-
3.	Total Operating Revenues	<u>\$ 174,358</u>	<u>\$ (14,814)</u>	<u>\$ 159,544</u>	<u>\$ 34,101</u>	<u>\$ 193,645</u>
<u>OPERATING EXPENSES</u>						
4.	Operation and maintenance expenses	\$ 133,608	-	133,608	\$ -	133,608
5.	Additional Payroll Costs - Executive		4,917	4,917		4,917
6.	Additional Payroll Costs - Bookkeeper		8,612	8,612		8,612
7.	Employee Benefits	-	3,000	3,000	-	3,000
10.	Depreciation Expense - Add'l Assets	6,773	-	6,773	-	6,773
11.	Amortization expense	-	1,000	1,000	-	1,000
12.	Taxes other than income taxes	12,677	-	12,677	34	12,711
13.	Income Taxes	-	-	-	9,430	9,430
14.	Total Operating Expenses	<u>\$ 153,058</u>	<u>\$ 17,529</u>	<u>\$ 170,587</u>	<u>\$ 9,464</u>	<u>\$ 180,051</u>
15.	Net Operating Income (Loss)	<u>\$ 21,300</u>	<u>\$ (32,343)</u>	<u>\$ (11,043)</u>	<u>\$ 24,638</u>	<u>\$ 13,594</u>

KINGSBURY UTILITY CORPORATION  
KINGSBURY, INDIANA  
DETAIL OF ADJUSTMENTS

(1) TO ADJUST OPERATING EXPENSES TO REFLECT THE COST OF THIS RATE CASE.

Estimated Rate Case Costs

Legal fees	\$	-
Accounting fees		4,000
		<hr/>
Total Rate Case Costs	\$	4,000
Amortize over 4 years		4
		<hr/>
Annual Expense	\$	1,000
		<hr/>

(2) TO ADJUST GROSS REVENUE FOR MISCALCULATION OF CUSTOMER BILLING

Total refund due to Deerfield Estates due to errant billing  
practices on compound meter (per IU \$ 14,814

KINGSBURY UTILITY CORPORATION  
KINGSBURY, INDIANA  
DETAIL OF ADJUSTMENTS

- (3) This rate study proposes the implementation of a fringe benefit package for the employees of the utility including health insurance and a retirement plan. The estimated monthly estimated cost of these benefits to the utility is as follows:

	Total	Water	Sewer
Health insurance (\$300 X 2 employees)	\$ 200	\$ 100	\$ 100
Retirement plan (max 3% of compensation)	\$ 300	\$ 150	\$ 150
Total monthly costs	\$ 500 12	\$ 250 12	\$ 250 12
Annualized cost	\$ 6,000	\$ 3,000	\$ 3,000

- (4) This rate study proposes additional Executive Compensation for Jeff Johnson

Proposed Annual Salary	52,000
Total Salary - 2006	<u>42,166</u>
Proposed Increase in Salary	9,834 50%
Water Utility Portion of Proposed Increase	<u>4,917</u>

- (5) This rate study proposes additional utility payroll in the form of bookkeeper / receptionist.

Estimated Annual Salary	16,000 50%
Water Utility Portion of Proposed Salary	8,000
Social Security Match (7.65%)	<u>612</u>
Additional Payroll for Bookkeeper / Receptionist	<u>8,612</u>

KINGSBURY UTILITY CORPORATION  
KINGSBURY, INDIANA  
DETAIL OF TYPICAL ADJUSTMENTS

(9) TO ADJUST WATER REVENUE TO REFLECT THE PROPOSED RATE INCREASE.

Adjusted total water revenue - 2004	\$ 159,544
Multiply by computed rate of increase	<u>21.4%</u>
Computed additional water revenue	<u><u>\$ 34,101</u></u>

(10) TO ADJUST OPERATING EXPENSES TO REFLECT THE PROPOSED RATE INCREASE.

IURC FEE

Proposed increase in revenues	\$ 34,101	
Times: IURC Rate	<u>0.001</u>	
Increase in IURC Fee		<u><u>\$ 34</u></u>

GROSS RECEIPTS TAX

Proposed increase in revenues	\$ 34,101	
Times rate	<u>1.20%</u>	
Increase in Gross Tax		\$ 409

STATE SUPPLEMENTAL INCOME TAX

Proposed increase in revenues	\$ 34,101	
Less: IURC Fee increase	(34)	
Proposed net increase in expenses over revenues	-	
Gross Tax increase	<u>(409)</u>	
Subtotal	\$ 33,658	
Times rate (8.5%)	<u>8.50%</u>	
Increase in State Tax		\$ 2,861

FEDERAL INCOME TAX

Proposed increase in revenues	\$ 34,101	
Less: IURC Fee increase	(34)	
Gross Tax increase	(409)	
Proposed increase in expenses	-	
State Tax increase	<u>(2,861)</u>	
Subtotal	\$ 30,797	
Times rate (20%)	<u>20.00%</u>	
Increase in Federal Tax		<u><u>\$ 6,159</u></u>

Adjustment	<u><u>\$ 9,430</u></u>
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# WATER LOSS

<u>MONTH</u>	<u>YEAR</u>	<u>PUMPAGE</u>	<u>SALES</u>
JAN	2005	18,033	11,447
FEB	2005	17,946	10,296
MAR	2005	17,528	10,872
APR	2005	16,943	17,932
MAY	2005	21,262	10,668
JUNE	2005	22,777	10,635
JULY	2005	22,439	11,018
AUG	2005	20,833	10,666
SEPT	2005	16,400	10,016
OCT	2005	15,101	10,343
NOV	2005	14,456	11,624
DEC	2005	14,013	10,645
JAN	2006	13,376	10,601
FEB	2006	12,141	10,581
MAR	2006	13,384	10,826
APR	2006	13,712	10,987
MAY	2006	13,148	10,242
JUNE	2006	17,956	12,049
JULY	2006	17,730	12,183
AUG	2006	13,371	10,637
SEPT	2006	13,383	10,326
OCT	2006	13,433	10,670
NOV	2006	13,466	10,357
DEC	2006	12,128	10,877
TOTALS		<u>384,959</u>	<u>266,498</u>

Percent Unaccounted-for-water =  $\frac{(\text{pumpage} - \text{sales})}{\text{pumpage}}$  X 100

$$= \frac{118,461}{384,959} \quad 30.772\%$$

KINGSBURY UTILITY CORPORATION  
KINGSBURY, INDIANA  
CALCULATION OF RATE INCREASE

INCREASE IN OPERATING REVENUES REQUIRED

Fair Value Rate Base	\$ 123,575
Times: Fair Value Rate of Return	<u>11.00%</u>

Proposed Utility Net Operating Income	13,593
Less: Pro-forma Net Operating Income at Present Rates	<u>(11,043)</u>

Increase in Net Operating Income Required	\$ 24,636
Times: Revenue Conversion Factor	<u>1.384183817</u>

Increase in Operating Revenues Required	<u>\$ 34,101</u>
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PERCENT INCREASE IN REVENUES

Proposed Increase in Operating Revenues	\$ 34,101
Divided by: Operating Revenues at Present Rates	<u>159,544</u>

Percent Increase in Operating Revenues	<u>21.4%</u>
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PERCENT INCREASE IN RATES

Proposed Increase in Operating Revenues	\$ 34,101
Divided by: Sales of Water at Present Rates	<u>159,544</u>

Percent Increase in Rates	<u>21.4%</u>
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KINGSBURY UTILITY CORPORATION  
KINGSBURY, INDIANA  
REVENUE CONVERSION FACTOR

Line  
No.

1.	Gross revenue change	100.0000%
2.	Less: Gross income tax	-1.2000%
3.	IURC Fee	-0.1000%
4.	Uncollectible accounts rate	-0.0050%
5.	Subtotal	98.6950%
	Less: State Income Taxes	
6.	(8.5% of Line 5 X 100.0%)	-8.3891%
7.	Subtotal	90.3059%
8.	Federal Income Taxes	
	(20% of Line 7 X 100.0%)	-18.0612%
9.	Total	72.2447%
10.	Revenue Conversion Factor	
	(1 divided by Line 9)	1.384184

COMPUTATION OF STATE & FEDERAL INCOME TAX RATES:

Pro-Forma loss under old rates	-
Divided by total proposed increase in Net Income	24,636
Percentage of proposed increase not taxed	0.0000%
Percentage of proposed increase that will be taxed	100.0000%

KINGSBURY UTILITY CORPORATION  
KINGSBURY, INDIANA  
RATE OF RETURN ON ORIGINAL COST

Line No.	<u>ORIGINAL COST RATE BASE</u>	Pro-forma <u>Present Rates</u>	Pro-forma <u>Proposed Rates</u>
1.	Utility plant in service	\$ 937,467	\$ 937,467
2.	Less: Accumulated depreciation	\$ (830,439)	\$ (830,439)
3.	Net utility plant in service	\$ 107,028	\$ 107,028
4.	Add: Current year additions to Utility plant in service	\$ -	\$ -
5.	Working capital (1)	16,547	16,547
6.	Less: Contributions in aid of construction	-	-
7.	Original Cost Rate Base	<u>\$ 123,575</u>	<u>\$ 123,575</u>

	Pro-forma <u>Present Rates</u>	Pro-forma <u>Proposed Rates</u>
	<u>RATE OF RETURN ON ORIGINAL COST</u>	
8.	Net operating income	\$ (11,043) \$ 13,594
9.	Divided by: Original cost rate base	123,575 123,575
10.	Rate of Return on Original Cost	<u>-8.94%</u> <u>11.00%</u>

	Pro-forma <u>Present Rates</u>	Pro-forma <u>Proposed Rates</u>
	<u>(1) WORKING CAPITAL-45 DAY METHOD</u>	
11.	Total O&M Expenses	\$ 150,137 \$ 150,137
12.	Less: Purchased power	(17,761) (17,761)
13.	Purchased water	- -
14.	Subtotal	<u>\$ 132,376</u> <u>132,376</u>
15.	Divide by: 8	8 8
16.	Gross Working Capital	<u>\$ 16,547</u> <u>\$ 16,547</u>

KINGSBURY UTILITY CORPORATION  
KINGSBURY, INDIANA  
RETURN ON EQUITY-ORIGINAL COST  
AT PRESENT RATES

Line

No. WEIGHTED COST OF CAPITAL

	<u>Type of Capital</u>	<u>Amount</u>	<u>Percent</u>	<u>Cost</u>	<u>Weighted Ave. Cost</u>
1.	Long-term debt	\$ -	0.00%	0.00%	0.00%
2.	Common equity	211,276	100.00%	-8.94%	-8.94%
3.	Preferred equity	-	0.00%	0.00%	0.00%
4.	Post-1970 ITC	-	0.00%	0.00%	0.00%
5.	Pre-1971 ITC	-	0.00%	0.00%	0.00%
6.	Deferred taxes	-	0.00%	0.00%	0.00%
7.	Customer deposits	-	0.00%	0.00%	0.00%
8.	Customer advances for construction	-	0.00%	0.00%	0.00%
9.	Totals	<u>\$211,276</u>	<u>100.00%</u>		<u>-8.94%</u>

KINGSBURY UTILITY CORPORATION  
KINGSBURY, INDIANA  
RETURN ON EQUITY-ORIGINAL COST  
AT PROPOSED RATES

Line

No. WEIGHTED COST OF CAPITAL

	<u>Type of Capital</u>	<u>Amount</u>	<u>Percent</u>	<u>Cost</u>	<u>Weighted Ave. Cost</u>
1.	Long-term debt	\$ -	0.00%	0.00%	0.00%
2.	Common equity	211,276	100.00%	11.00%	11.00%
3.	Preferred equity	-	0.00%	0.00%	0.00%
4.	Post-1970 ITC	-	0.00%	0.00%	0.00%
5.	Pre-1971 ITC	-	0.00%	0.00%	0.00%
6.	Deferred taxes	-	0.00%	0.00%	0.00%
7.	Customer deposits	-	0.00%	0.00%	0.00%
8.	Customer advances for construction	-	0.00%	0.00%	0.00%
9.	Totals	<u>\$211,276</u>	<u>100.00%</u>		<u>11.00%</u>

GENERAL INFORMATION

Company Name Kingsbury Utility Corporation

Contact Person Jeffrey L. Johnson Telephone No. (219) 393-3576

Certified Operator Ken Paxson No. 905355

Grade WT2 & DSM Expiration Date June 30, 2008

No. Customers 99

Residential 40

Commercial 59

Industrial

Is increase Across-the-Board? YES  
(If no, justification such as a cost-of-service study must be supplied.)

Are non-recurring charges being revised? NO  
(If yes, cost justification must be supplied.)

Composite Depreciation Rate 2.0%  
(If other than composite, supply details.)

Authority for current depreciation rate Order # 42922-U Dated 4/20/06  
(Commission Order and date)

Is the depreciation rate being changed in this proceeding? NO  
(If yes, supply justification, such as a depreciation study, supporting the change).

### FACILITIES DESCRIPTION

Source of Supply Well Water - 4 total wells - 1 well inactive and inoperable

#### Distribution System

Size(inches) 12"                      10"                      8"                      6"  
Length(feet) 13,000 lf                      69,800 lf                      33,000 lf                      14,600 lf

Number of Hydrants                      Public                       
   Private                     

#### Storage Facilities

Type	Capacity
<u>Elevated Storage Tanks (2)</u>	<u>200,000 gallons</u>
<u>Elevated Storage Tanks (2) abandoned</u>	<u>200,000 gallons</u>

Treatment Plant Description Including Capacities Chlorinate at each  
wellhead only - all other treatment facilities were abandoned.



STATE OF INDIANA  
INDIANA UTILITY REGULATORY COMMISSION  
LEGAL NOTICE

You are hereby notified that Kingsbury Utility Corporation (Utility) has petitioned the Indiana Utility Regulatory Commission (Commission) for approval of an increase in the current monthly water service charge. The Utility is requesting the Commission approve the following rates:

<u>Metered Rates Per Month</u>	<u>Rate Per 1,000 Gallons</u>
First 5,000 gallons	\$ 4.26
Next 10,000 gallons	\$ 3.67
Next 35,000 gallons	\$ 2.85
Next 50,000 gallons	\$ 1.77
Next 100,000 gallons	\$ 1.53
All amounts over 200,000 gallons	\$ 1.19

Minimum Per Month – Based on Meter Size

5/8 inch diameter	\$ 21.27
3/4 inch diameter	\$ 27.30
1 inch diameter	\$ 48.57
1-1/4 inch diameter	\$ 60.75
1-1/2 inch diameter	\$ 91.13
2 inch diameter	\$ 121.39
3 inch diameter	\$ 212.52
4 inch diameter	\$ 364.39
6 inch diameter	\$ 698.41
8 inch diameter	\$1,032.32

The Utility last requested a rate change in April, 2006. The proposed monthly rate, which represents a 21.4% increase, is necessary in order for the Utility to pay its current monthly expenses for operation and maintenance of its plant and equipment and also allow for necessary improvements to maintain the distribution system in sound operating condition.

The Utility filed its application for rate change under IC 8-1-2-61.5 without the necessary cost of a Commission hearing; however, a public hearing will be held by the Commission if any public or municipal corporation, ten (10) individuals, firms, corporations or associations or ten (10) complainants of all or any of the classes affected by the proposed rate change or if the Utility Consumer Counselor requests a formal public hearing by filing a written signed request with the Secretary, Utility Regulatory Commission at 302 W. Washington Street Suite E306, Indianapolis, IN 46204 within forty (40) days from May 17, 2007. It is likely that no hearing will be held in the absence of a written request as described above. The implementation of the proposed service charge is subject to the Commission's approval and has been docketed as Cause No. -U.

Kingsbury Utility Corporation  
P.O. Box 254  
Kingsbury, IN 46345

## WILL BE ON UTILITY LETTERHEAD

May 18, 2007

Dear Kingsbury Utility Customer,

On May 17, 2007, Kingsbury Utility Corporation (Utility) petitioned the Indiana Utility Regulatory Commission (Commission) for approval of an increase in the current monthly water service charge. The Utility is requesting the Commission approve the following rates:

<u>Metered Rates Per Month</u>	<u>Rate Per 1,000 Gallons</u>
First 5,000 gallons	\$ 4.26
Next 10,000 gallons	\$ 3.67
Next 35,000 gallons	\$ 2.85
Next 50,000 gallons	\$ 1.77
Next 100,000 gallons	\$ 1.53
All amounts over 200,000 gallons	\$ 1.19

Minimum Per Month – Based on Meter Size

5/8 inch diameter	\$ 21.27
3/4 inch diameter	\$ 27.30
1 inch diameter	\$ 48.57
1-1/4 inch diameter	\$ 60.75
1-1/2 inch diameter	\$ 91.13
2 inch diameter	\$ 121.39
3 inch diameter	\$ 212.52
4 inch diameter	\$ 364.39
6 inch diameter	\$ 698.41
8 inch diameter	\$1,032.32

The Utility last requested a rate change in April, 2006. The proposed monthly rate, which represents a 21.4% increase, is necessary in order for the Utility to pay its current monthly expenses for operation and maintenance of its plant and equipment and also allow for necessary improvements to maintain the distribution system in sound operating condition.

The Utility filed its application for rate change under IC 8-1-2-61.5 without the necessary cost of a Commission hearing; however, a public hearing will be held by the Commission if any public or municipal corporation, ten (10) individuals, firms, corporations or associations or ten (10) complainants of all or any of the classes affected by the proposed rate change or if the Utility Consumer Counselor requests a formal public hearing by filing a written signed request with the Secretary, Utility Regulatory Commission at 302 W. Washington Street Suite E306, Indianapolis, IN 46204 within forty (40) days from May 17, 2007. It is likely that no hearing will be held in the absence of a written request as described above. The implementation of the proposed service charge is subject to the Commission's approval and has been docketed as Cause No. -U.

Kingsbury Utility Corporation  
P.O. Box 254  
Kingsbury, IN 46345

PROPOSED  
5/17/07

KINGSBURY UTILITY CORPORATION  
LaPorte County, Indiana

WATER UTILITY TARIFFS, RATES AND CHARGES

The rates and charges of Kingsbury Utility Corporation to customers of its water utility plant and service shall be as follows:

<u>Quantity Furnished Per Month</u>	<u>Rate Per 1,000 Gallons</u>
First 5,000 gallons	\$4.26
Next 10,000 gallons (5,001 to 15,000)	3.67
Next 35,000 gallons (15,001 to 50,000)	2.85
Next 50,000 gallons (50,001 to 100,000)	1.77
Next 100,000 gallons (100,001 to 200,000)	1.53
All amounts in excess of 200,000 gallons	1.19

Minimum Charges for Metered Service:

Each metered-service customer shall pay a minimum monthly service charge, based upon the size of meter installed in connection with the customer's service, in accordance with the following schedule:

<u>Size of Meter</u>	<u>Minimum Charge Per Month</u>
5/8 inch diameter	\$ 21.27
3/4 inch diameter	27.30
1 inch diameter	48.57
1 1/4 inch diameter	60.75
1 1/2 inch diameter	91.13
2 inch diameter	121.39
3 inch diameter	212.52
4 inch diameter	364.39
6 inch diameter	698.41
8 inch diameter	1,032.32

The applicable minimum service charge payable for a particular month shall be credited against the charges for the quantity of water actually delivered to the customer during that month. If the quantity actually delivered is less than the quantity which the minimum charge would have covered, the difference may not be credited against greater quantities delivered in any prior or subsequent month.

PROPOSED  
5/17/07

KINGSBURY UTILITY CORPORATION  
LAPORTE COUNTY, INDIANA  
WATER UTILITY TARIFF

Non-Metered Service:

Until such time as meters are installed for customers now or hereafter served on a non-metered basis, the quantities of water delivered per month to such customers (to which the above "quantity" schedule of rates and charges shall apply) shall conclusively be deemed to be as follows:

1) Single Family Residential Customers:

5,000 gallons per month

2) Customers Operating Multi-Family Residential Facilities:

5,000 gallons per month, for each apartment, mobile home or other single-family dwelling unit, within each building, mobile home court or other facility of such customer to which service is furnished.

3) Other Commercial or Industrial Customers:

Present customers will be deemed to use the same monthly quantities upon which their charges have previously been computed, except that upon any material change in their usage requirements, studies and computations will be made by the utility company, in which the customer shall cooperate, to determine new monthly usage quantities. New, unmetered customers' usage shall be determined by similar studies and computations.

4) Temporary Service:

Water furnished to temporary customers (e.g., contractors and builders) shall be charged by the utility company in each particular case.

Tapping and Metering Charges:

Each customer who is hereafter furnished with new or additional connections to the Company's water system shall pay a non-recurring tapping and installation charge in an amount determined as follows:

The charge for connection with a 5/8 inch diameter meter shall be \$233.88.

The charge for connection with a meter of large size than 5/8 inch diameter shall be an amount equal to the costs of tapping the main, plus the cost of labor and materials for furnishing and installing service pipe, corporation and stop cocks, service and meter box or vault, and meter; or \$233.88, whichever is greater.

PROPOSED  
5/17/07

KINGSBURY UTILITY CORPORATION  
LAPORTE COUNTY, INDIANA  
WATER UTILITY TARIFF

Each non-metered customer who is hereafter furnished with metered service for an existing connection shall pay a non-recurring metering charge in an amount determined as follows:

The charge for furnishing and installing a 5/8 inch diameter meter shall be \$255.27.

The charge for furnishing and installing a meter of larger size shall be an amount equal to the labor and material costs for furnishing and installing the service and meter box or vault and meter; or \$255.27, whichever is greater.

Miscellaneous Service Charges:

- 1) Sprinkler system connections  
(Connection with customer's building to customer's internal fire-protection sprinkler system) \$303.65 per connection per annum
- 2) Hydrant Connections (Connection with customer's property line to fire-protection hydrant furnished by utility company) \$303.65 per connection per annum

Collection Late Payment, Disconnection and Reconnection Charges:

All charges not paid within seventeen (17) days from the due date thereof, as shown on the bills for such charges, shall be subject to a collection or late-payment charges in an amount equal to 10% of the first \$3.00 plus 3% of any excess over \$3.00. If any bills are not paid within forty-five (45) days from the due date thereof, the customer's service shall be disconnected, upon prior written notice of at least seven (7) days, mailed to such customer at the address shown upon the utility's records, or personally delivered to the customer or member of his/her household, or to an officer or employee of the customer (if a business customer), advising the customer of the reason for the proposed disconnection; provided, however, that service may be disconnected without prior notice, subject to rules and regulations of the Public Service Commission of Indiana, only in the following situations:

- a) if a condition dangerous or hazardous to life, physical safety or property exists; or
- b) upon order by any court, the Commission or other duly authorized public authority;

PROPOSED  
5/17/07

KINGSBURY UTILITY CORPORATION  
LAPORTE COUNTY, INDIANA  
WATER UTILITY TARIFF

- c) if fraudulent or unauthorized use is detected and the utility has reasonable ground to believe the affected customer is responsible for such use; or
- d) if the utility's regulating or measuring equipment has been tampered with and the utility has reasonable grounds to believe that the affected customer is responsible for such tampering.

In order to obtain reconnection, prior payment of all delinquent charges and a reconnection charge in the amount of \$10.00 shall be required.

Interruption of Service:

The utility company's liability for damages arising out of any interruption of service and resulting failure to deliver water shall in no event exceed an amount equivalent to the proportionate minimum charge otherwise applicable for the period of time during which such interruption of service and failure to deliver water occurs.

Non-Discrimination:

The rates and charges herein provided shall apply to all customers as appropriate to their usage, with no free or discounted service to any customer including the owner, directors, officers, employees and shareholders of the utility company.

Address of Utility:

Post Office Box 254, Intersection First and Hupp Roads, Kingsbury, Indiana 46345.

Name, Title and Address of Issuing Officer:

Jeffrey L. Johnson, President; address same as above.